

Low Income Home Energy Assistance Program
Division of Energy Assistance/OCS/ACF

Submission of leveraging reports on FY 2004 leveraging activities, in order to qualify for FY 2005 leveraging incentive fund grant awards, and amendment of FY 2004 LIHEAP plans as necessary to add information on leveraging carried out in FY 2004.

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THIS CONTAINS INFORMATION ISSUED BY THE U.S. ADMINISTRATION FOR
CHILDREN AND FAMILIES IN LIHEAP ACTION TRANSMITTAL NO.
LIHEAP-AT-2004-7, DATED 8/16/04

TO: LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)
 GRANTEES AND OTHER INTERESTED PARTIES

SUBJECT: Submission of leveraging reports on FY 2004
 leveraging activities, in order to qualify for FY
 2005 leveraging incentive fund grant awards, and
 amendment of FY 2004 LIHEAP plans as necessary to
 add information on leveraging carried out in FY
 2004.

RELATED Low Income Home Energy Assistance Act, title

REFERENCES: XXVI of the Omnibus Budget Reconciliation Act of
 1981, Public Law 97-35, as amended; final rule
 published in the Federal Register on May 1, 1995
 (60 FR 21322 et seq.) (See LIHEAP-IM-95-20);
 45 CFR 96.87 in the Department of Health and Human
 Services block grant regulations (see [LIHEAP-IM-99-19](#)).

DUE DATES: (1) **September 30, 2004**, for amendments to FY 2004

LIHEAP plans to add information on leveraging activities carried out during FY 2004; and

(2) **November 30, 2004**, for applications for FY 2005 leveraging incentive fund grant awards based on FY 2004 leveraging activities.

PURPOSE: (1) To remind LIHEAP grantees that they must submit LIHEAP plan amendments adding and/or revising descriptions of certain leveraging activities that took place in fiscal year (FY) 2004 to the Office of Community Services (OCS) by September 30, 2004, in order to have them qualify for FY 2005 leveraging incentive funds.

(2) To remind LIHEAP grantees that they must submit reports covering leveraging activities that took place in FY 2004 to OCS by November 30, 2004, in order to qualify for FY 2005 leveraging incentive fund awards. The required Leveraging Report forms and the instructions for their completion are attached.

BACKGROUND: The LIHEAP leveraging incentive program rewards LIHEAP state, tribal, and territorial grantees that have acquired nonfederal home energy resources for low income households, expanding the effect of their federal LIHEAP funding.

The Department of Health and Human Services (HHS) issued final implementing regulations for the LIHEAP leveraging incentive program on May 1, 1995 (60 FR 21322 et seq.). These leveraging regulations are included in the HHS block grant regulations at 45 CFR 96.87. They are based closely on the leveraging requirements in section 2607A of the Low Income Home Energy Assistance

Act.

Under the leveraging incentive program, leveraging incentive awards in a fiscal year (the award period) are based on countable leveraged resources/ benefits that were provided to low income households during the previous fiscal year (the base period). For example, FY 2005 leveraging incentive awards will be allocated to grantees based on countable leveraged resources that were provided to low income households in FY 2004.

Grantees desiring leveraging incentive funds must submit an application-the LIHEAP Leveraging Report-that describes and quantifies the leveraging activities they carried out during the base period. HHS then determines whether the reported activities meet the requirements of the LIHEAP statute and regulations, and therefore are countable under the program. Leveraging incentive funds are allocated using a formula that takes into account the value of each applicant's countable leveraged resources compared to its regular LIHEAP allotment and to the total amount leveraged by all applicants.

CONTENT: Applications for FY 2005 Leveraging Incentive Awards

Grantees that wish to apply for LIHEAP leveraging incentive funds to be awarded in FY 2005 must submit a LIHEAP Leveraging Report on their FY 2004 leveraging activities to OCS by November 30, 2004. The reports must be postmarked or hand-delivered to OCS by this date, or they will not be accepted. The reports should cover only countable leveraged resources/benefits that were provided to low

income households in FY 2004. FY 2004 leveraging activities must be carried out under 45 CFR 96.87, consistent with the final rule published May 1, 1995.

The amount of LIHEAP funds that will be available for leveraging awards in FY 2005 is uncertain. The amount that will be available will be indicated in the FY 2005 LIHEAP appropriation. We expect to set aside for the Residential Energy Assistance Challenge Option Program (REACH) the full 25% allowable out of the funds earmarked for leveraging.

Leveraging Report Forms

The LIHEAP Leveraging Report consists of two parts. Part 1, the Resource/Benefit Description Pages, is a two-page form that is to be completed for each separate leveraged resource that a grantee proposes to count for this base period. It requests information that will enable HHS to determine whether each resource meets the requirements of the LIHEAP statute and the May 1995 final rule and is therefore countable. Part 2 of the Leveraging Report, the Summary Page, is to show the grand totals for all of the grantee's proposed leveraged resources; it also is to include a certifying signature by the grantee's chief executive officer or designee. (If a designee signs, the grantee should be sure that OCS has a copy of the delegation of authority.)

Grantees may use their own versions of Part 1 if they use the same format and wording as the pre-printed form. They must use HHS's version of Part

2. The forms are available on diskette upon request, and on our LIHEAP web site at <http://www.acf.hhs.gov/programs/liheap/forms.htm#LEVERAGE>

Grantees also may wish to use the Sample Leveraging Summary Worksheet, to record the financial information from item 1 of the Resource/Benefit Description Pages for each resource and to calculate the grand totals to be entered on the Summary Page. Completing this worksheet would help ensure that no amounts are omitted or double-counted and that the calculations are correct.

Applicants for leveraging incentive funds should carefully read and follow the Instructions for Completing LIHEAP Leveraging Report Forms. They also should consult section 96.87 of the May 1995 final rule (45 CFR 96.87 in the HHS block grant regulations) and the part of the final rule's preamble that deals with the leveraging incentive program.

Grantees should ensure that their Leveraging Reports are complete and accurate before they submit them, in order to speed up the review and award process for everyone. Grantees should be sure that all submitted resources/benefits meet the requirements of the LIHEAP statute and regulations and were provided to low income households between October 1, 2003, and September 30, 2004. They should re-check their mathematical calculations, and enter the numbers in items 1B, 1C, 1D, and 1E of the Resource/Benefit Description Pages, and the numbers on the Summary Page, as whole numbers rounded to the nearest whole dollar,

or rounded to the nearest multiple of 10 or 100.

In some of the Leveraging Reports for prior fiscal years, states' local administering agencies completed the Resource/Benefit Description Pages for activities taking place in their areas. The quality of the reporting varied significantly among the local agencies. If a state uses this process, it should review the forms before submitting them to OCS and ensure that all items are complete and accurate, that the activities took place during the proper base period and meet the requirements of the statute and regulations, and that the state (not the local agency) is shown as the LIHEAP grantee. The resources should be numbered sequentially for the state as a whole, rather than starting over with #1 for each local agency.

Leveraging Requirements

In order to count under the leveraging incentive program, a resource/ benefit must meet all of the requirements of 45 CFR 96.87(d)(1) and at least one of the three criteria/requirements of 45 CFR 96.87(d)(2), consistent with the May 1995 final rule.

To meet **criterion (i) of section 96.87(d)(2)**, the grantee's LIHEAP program, at the central and/or local agency level, must have a substantive role in developing and/or acquiring the resource/benefits from energy vendor(s) through negotiation, regulation, and/or competitive bid. Only resources obtained from energy vendors (for example, utility companies and delivered fuel vendors) may be counted under criterion (i).

Resources counted under criterion (i) do not need to be described/covered in grantees' LIHEAP plans.

To meet **criterion (ii) of section 96.87(d)(2)**, the grantee must appropriate or mandate the resources/benefits for distribution to low income households through (within or as a part of) its LIHEAP program, in accordance with the LIHEAP statute and regulations and the grantee's LIHEAP plan and program policies that were in effect during this base period. The benefit from the resource is a part of a household's LIHEAP benefit, not an additional benefit that is not part of the LIHEAP program. **The plan must include the type of assistance/benefits that are provided by the resource, although the leveraged resources/benefits do not necessarily have to be mentioned by name in the plan.** Under this criterion, for example, a grantee could not count **assistance with cooling costs or purchase of fans if the plan did not include these activities for the regular LIHEAP program.** (Leveraged benefits that supplement LIHEAP benefits that were inadequate, but that are distributed outside the LIHEAP program, would not count under criterion (ii). Grantees should look to criterion (iii) for such resources.)

To meet **criterion (iii) of section 96.87(d)(2)**, the grantee must appropriate or mandate the resource/benefits for distribution to low income households as described in its LIHEAP plan, as a supplement and/or alternative to its LIHEAP program, integrated and coordinated with its LIHEAP program, but outside (not through, within, or as a part of) its LIHEAP program. Under this criterion, the resource must meet at least 1 of 8

listed conditions (conditions (A) - (H)) to demonstrate that it is integrated and coordinated with the grantee's LIHEAP program. (A single leveraged resource/benefit cannot be counted under both criterion (ii) and criterion (iii), because a single resource/benefit cannot be provided both through (criterion (ii)) and outside (criterion (iii)) the grantee's LIHEAP program.) **For resources/benefits to be countable under criterion (iii), the grantee's FY 2004 LIHEAP plan must identify and describe the resources/benefits, their sources(s), and their integration/coordination with the LIHEAP program.**

Submission of Leveraging Reports

Grantees that wish to apply for FY 2005 leveraging incentive fund awards must submit Leveraging Reports on their FY 2004 leveraging by November 30, 2004. These Leveraging Reports must be postmarked or hand-delivered to OCS by this date.

Grantees should submit the original of the completed LIHEAP Leveraging Report to OCS. We do not need additional copies. Grantees should be sure to keep copies for their own files. The completed forms should be sent to:

Nick St. Angelo, Director
Division of Energy Assistance
Office of Community Services, ACF, HHS
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

HHS may require additional documentation and/or clarification as it determines necessary to verify information in a grantee's Leveraging Report, to

determine whether a leveraged resource is countable, and/or to determine the net valuation of a resource. If this is the case, an OCS staff member will contact the grantee during the review of the leveraging reports to request the necessary information.

Amendments to FY 2004 Plans

Grantees must submit any FY 2004 LIHEAP plan amendments adding or revising descriptions of FY 2004 leveraging activities by September 30, 2004. These amendments must be postmarked or hand-delivered to OCS by this date.

For leveraged resources/benefits that are provided to low income households as part of the grantee's LIHEAP program and that are to be counted under criterion (ii) of 45 CFR 96.87(d)(2): the grantee's LIHEAP plan must include the type of assistance/benefits that are provided by the resource.

For leveraged resources/benefits that are provided to low income households as a supplement and/or alternative to the grantee's LIHEAP program, outside the LIHEAP program but integrated and coordinated with it, and that are to be counted under criterion (iii) of 45 CFR 96.87(d)(2): the grantee's LIHEAP plan must identify and describe each resource, its source, and how it is integrated and coordinated with the grantee's LIHEAP program. Grantees should be sure that each resource meets the integration/coordination requirements of at least one of conditions (A) - (H) in section 96.87(d)(2)(iii).

INQUIRIES TO: Nick St. Angelo, Director

Division of Energy Assistance

Telephone: (202) 401-5306

Fax: (202) 401-5561

E-mail: nstangelo@acf.hhs.gov

(See address above.)

ATTACHMENTS: [LIHEAP Leveraging Report Form](#), Parts 1 and 2 and

Sample Leveraging Summary Worksheet (Form No. ACF-

119, OMB Clearance No. 0970-0121, expiration date

10/31/2006); and

[Instructions](#) for Completing LIHEAP Leveraging
Report Forms.

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Clarence H. Carter

Director, Office of Community

Services